

Water Utilities

Price:	\$48.45
Fair Value Estimate:	\$70.00
52-Week Range:	\$34.79 - \$54.52
Market Cap (MM):	10,795
Shr.O/S-Diluted (mm):	222.8
Average Daily Volume:	1,309,471
Book Value:	\$17.90
Dividend:	\$0.94
Yield:	1.9%

FYE: Dec	2019A	2020E	2021E
EPS:	\$1.47A	\$1.56E	\$1.65E
Prior EPS:		NC	NC
P/E Ratio:	33.0x	31.1x	29.4x

Quarterly EPS:

Q1	\$0.28A	\$0.53E	\$0.59E
Q2	\$0.37A	\$0.20E	\$0.20E
Q3	\$0.48A	\$0.30E	\$0.30E
Q4	\$0.34A	\$0.53E	\$0.56E

EPS: adjusted

Quarterly Revenue (M):

Q1	\$201A	\$207E	\$711E
Q2	\$219A	\$392E	\$423E
Q3	\$244A	\$367E	\$398E
Q4	\$226A	\$597E	\$635E
Year:	\$890A	\$1,562E	\$2,168E

March 5, 2020

Essential Utilities Inc.

(WTRG) - BUY

Realigning 2020 Estimate Methodology; Maintain BUY Rating, \$70 Fair Value

PORTFOLIO MANAGER BRIEF

Upon review of consensus forecasts for 2020, we are changing our 1Q20 EPS methodology from adjusted actual of \$0.21 to pro-forma of \$0.53 to prevent any confusion among investors. We made this distinction in our 2/28 note when we indicated our pro-forma EPS estimate for 2020 was \$1.56, and there is no change in that regard. We are simply moving all of our 2020 estimates to pro-forma.



IMPORTANT DISCLOSURES

Research Analyst Certification

I, Michael Gaugler, the Primarily Responsible Analyst for this research report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers. No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views I expressed in this research report.

Janney Montgomery Scott LLC ("Janney") Equity Research Disclosure Legend

Essential Utilities Inc. currently is, or during the past 12 months was, a Janney Montgomery Scott LLC client. Janney Montgomery Scott LLC, provided investment banking related services.

Janney Montgomery Scott LLC currently acts as a market-maker in the securities of Essential Utilities Inc..

Janney Montgomery Scott LLC managed or co-managed a public offering of securities for Essential Utilities Inc. in the past 12 months.

Janney Montgomery Scott LLC received compensation for investment banking services from Essential Utilities Inc. in the past 12 months.

Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from Essential Utilities Inc. in the next three months.

The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

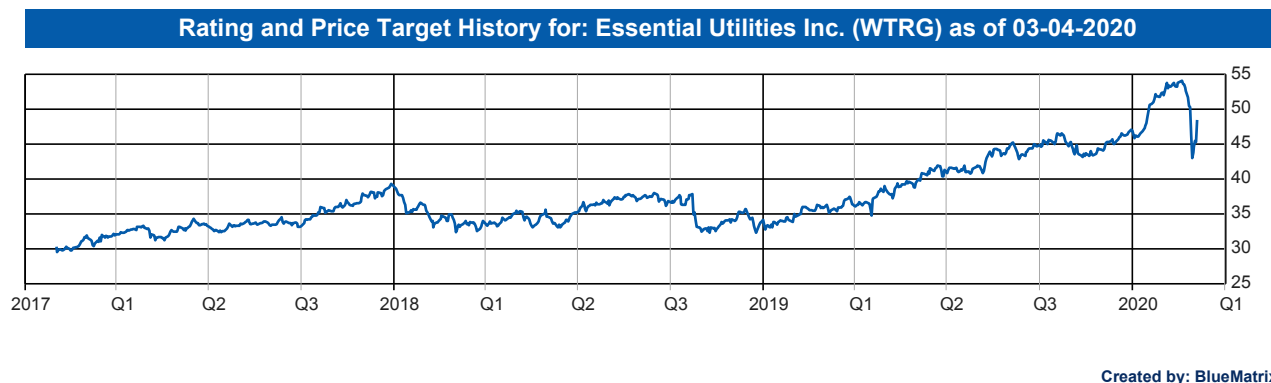
Definition of Ratings

BUY: Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.

NEUTRAL: Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.

SELL: Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

Price Charts



Janney Montgomery Scott Ratings Distribution as of 12/31/2019

Rating	Count	Percent	IB Serv./Past 12 Mos.*	
			Count	Percent
BUY [B]	167	51.38	35	20.96
NEUTRAL [N]	157	48.31	23	14.65
SELL [S]	1	0.31	0	0.00

*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

Other Disclosures

Janney Montgomery Scott LLC, is a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the New York Stock Exchange, the Financial Industry Regulatory Authority and the Securities Investor Protection Corp.

This report is for your information only and is not an offer to sell or a solicitation of an offer to buy the securities or instruments named or described in this report. Interested parties are advised to contact the entity with which they deal or the entity that provided this report to them, should they desire further information. The information in this report has been obtained or derived from sources believed by Janney Montgomery Scott LLC, to be reliable. Janney Montgomery Scott LLC, however, does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of Janney Montgomery Scott LLC at this time and are subject to change without notice.

Investment opinions are based on each stock's 6-12 month return potential. Our ratings are not based on formal price targets, however, our analysts will discuss fair value and/or target price ranges in research reports. Decisions to buy or sell a stock should be based on the investor's investment objectives and risk tolerance and should not rely solely on the rating. Investors should read carefully the entire research report, which provides a more complete discussion of the analyst's views. Supporting information related to the recommendation, if any, made in the research report is available upon request.